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SIXTH ANNUAL PROGRESS REPORT OF THE
ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

1 July 1957 - 30 June 1958

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ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

SIXTH ANNUAL PROGRESS REPORT

1 July 1957 - 30 June 1958

I. INTRODUCTION

The Economic Defense Intelligence Committee (EDIC) completed six years of operations on 30 June 1958. Originally designated the Intelligence Working Group (IWG), EDIC was set up in 1952 as a separate subcommittee of the Intelligence Advisory Committee (IAC) to service the far-reaching intelligence requirements of the newly-coordinated inter-agency economic defense program. According to its terms of reference, EDIC (IWG) was assigned the responsibility for (a) developing and furnishing of intelligence to the Economic Defense Advisory Committee (EDAC) for policy making and operations in the economic defense field included under the Mutual Defense Assistance Control Act of 1951 and directives issued in connection with NSC 152/3* and related documents, and (b) for developing closer continuous relationships among the operational, policy-formulation, and intelligence research elements engaged in the economic defense program. The numerous EDIC (IWG) reports and documents issued during the past six years reflect in their variety the wide range of coordinated intelligence support which has been rendered the EDAC community under the terms

* The original reference document was NSC 104/2 which was superseded by NSC 152/3.

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of the EDIC/IWG charter. At the same time, however, a listing of these reports and the date of their issue (see Tab A) indicates that since its period of most active participation in the economic defense program (1952-1954), EDIC, in more recent years, has been primarily engaged in furnishing coordinated intelligence support for special projects only, while the more general, current intelligence requirements of the EDAC community were serviced directly by the intelligence components of the responsible departments and agencies directly concerned.

Operational urgency appears to dictate the continued need for such direct agency support of economic defense intelligence requirements. As a result, and consonant with the trend established in the past few years, future EDIC activities are likely to be concentrated on the support of specialized long-run intelligence requirements of the EDAC community. As such, EDIC activities would parallel, in the field of economic defense intelligence, the activities of the different subcommittees of the Economic Intelligence Committee (EIC) in the field of general economic intelligence.

In recognition of this reorientation of EDIC support activities, CIA has recommended, subject to the approval of EDAC and of the intelligence community, that EDIC functions be transferred to a new subcommittee to be established under EIC to serve the continuing needs of the economic defense program. This new subcommittee would retain the essential mission and functions of EDIC, and, as an integrated member of EIC, could readily call on the wider economic intelligence production and coordination experience of the individual EIC subcommittees.

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II. SUMMARY OF ACTIVITIES

A. EDIC Reports

During the past year, the intelligence community devoted its major effort in the economic defense field to the preparation and coordination of the intelligence support requested to advise EDAC in formulating the United States position for the review of the CHINCOM and COCOM lists. While the individual departments and agencies represented in EDIC made their contributions to the joint EDAC effort in accordance with their respective production responsibilities for various fields of economic intelligence, EDIC itself was not formally called upon to coordinate the over-all intelligence support. However, EDIC has been increasingly requested to provide coordinated intelligence studies on specific facets of the Sino-Soviet Bloc economy for consideration by the Advisory Committee on Export Policy (ACEP) and its Operating Committee (OC) in advising the Secretary of Commerce on appropriate United States export policy vis-a-vis the communist countries. In response to Department of Commerce requests for coordinated intelligence support, EDIC has prepared reports on the "Availability of Diamonds in the USSR (revised)," "The Glass Fiber Industry in the Sino-Soviet Bloc," "Sino-Soviet Bloc Supply of and Requirements for Phthalic Anhydride," and is currently processing information on "The Tire Industry in the Sino-Soviet Bloc" and "The Petrochemical Industry in the USSR."

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In response to a requirement levied by EDAC Working Group II - Application and Enforcement - EDIC prepared a coordinated intelligence report on "The Significance of Sino-Soviet Bloc Imports of Cobalt from the Free World" and is currently completing a report on "Sino-Soviet Bloc Purchases of International List I Nickel." A study of "The Strategic Importance of Aluminum and Its Source Materials (including Bauxite) to the Sino-Soviet Bloc," requested by CIA, and the "Report of Combined EDIC Working Group and Technical Task Group on Radio and Television Transmitters," requested by the Department of Defense, round out the written reports issued by EDIC during the year under review.*

B. Planning for Economic Warfare

EDIC activity on emergency planning for economic warfare has been carried on through the office of the Chairman in consultation with several CIA consultants who have had active service in economic warfare activities during wartime. The results of these consultations and planning will be embodied in a draft proposal for conduct of intelligence to support a program of economic warfare in an emergency. Because such a draft must embrace the organization and administration of a large intelligence collection and processing system as well as serious problems in the evaluation and coordination of positive intelligence, it is anticipated that the subject draft will not be ready for review before November 1958.

* (A complete listing of EDIC intelligence documents and memoranda issued during 1957-1958 is attached as TABS B and C. A list of EDIC cases still pending is attached as TAB D.)

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III. FUTURE ACTIVITIES

Whatever the ultimate organizational structure under which EDIC will operate may be, its mission and functions will remain much the same as they have been up to now. EDIC (or its successor) will continue to serve the intelligence needs of the economic defense program essentially as outlined in its terms of reference. Requests for intelligence support for EDAC and its subcommittees may be expected, for the reasons already indicated, to continue at the rather lower level prevailing during the past few years. However, in view of the current trend towards expanding trade with the Sino-Soviet Bloc in "peaceful goods" and the imminent relaxation of COCOM controls resulting from the recent review of the International Lists, the Department of Commerce ACEP/OC structure may be expected to face increasing pressure to relax US controls correspondingly. Under these circumstances, EDIC (or its successor) may reasonably expect to continue to receive requests for intelligence support for ACEP/OC policy determinations.

Moreover, EDIC will continue to carry out the planning necessary to insure intelligence support and coordination in the field of economic warfare under wartime emergency operations.

[REDACTED]
Chairman

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TAB A

INTELLIGENCE DOCUMENTS AND REPORTS*

ISSUED BY EDIC (IWG) FROM ITS INCEPTION

THROUGH FY 1958

1952 - 1953

Table of New Construction in Hand and on Order in Western Countries for
USSR Merchant Fleet - June 1952

Glycols - Item IL 1727

Conveyor Belting and Item 310b - Power Driven Conveying Equipment

Utilization of Soviet Bloc Merchant Shipping Intelligence by the United
States Coast Guard

ONI Report on Western Shipyard Services to Soviet Merchant Fleet,
1 January - 30 June 1952

Soviet Metallurgical Techniques

Chronology of COCOM Transit Trade Discussions

Response to OIMS Questions Regarding Soviet Bloc Cobalt Position

25X6A

Movement of Scrap Metals from the Middle East - 1952

Strategic Importance of Dichlorodifluoromethane (FREON 12) to the Soviet Bloc

Alleged Refuelling of Polish Ships with Iranian Oil

Communist China's Imports of Ammonium Sulfate

Report on COCOM Statistical Reporting

Material for Use in the China Committee

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1953 - 1954

Soviet Bloc Kyanite Position

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The Tractor Situation in the Soviet Bloc

Strategic Importance of Magnetic Recorders and/or Reproducers to the Soviet Bloc

Movement of Scrap Metal from the Middle East - 1952

Soviet Bloc Position in Steel Wire, Strand, Cable, and Rope

Appraisal of Soviet Offers of Chrome, Maganese, Platinum, and Palladium to the United States

Indications of Soviet Bloc Vulnerability to Western Controls on Primary Aluminum

Final Report and Recommendations of the IWG Subgroup on External Financing Operations of the Soviet Bloc

Strategic and Security Implications Involved in the Proposed Shipment to the USSR of Marconi Television Transmitter

Strategic Importance of Magnesium to the Soviet Bloc

COCOM Review of IL-II Items: Information on Part A - Chemicals

Indications of Soviet Bloc Vulnerability to Controls of West-East Movement of Boreon Compounds

Soviet Bloc Exports of Petroleum and Petroleum Products to the Free World

Intelligence Collection and Analysis Required for a Study of the Soviet Automotive Situation

Draft Transmittal to the USDEL for Use in COCOM of CIA Paper on "The Strategic Use Pattern of Lead in the Soviet Bloc"

The Problem of Providing Intelligence for Licensing Consumer Goods to European Satellites

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1954 - 1955

China's Trading Agency in East Berlin

Final Report on "Soviet Production of Jeeps"

CIA/AFOIN/OIR Statement of "Strategic Significance of Indium to the Soviet Bloc

West European Exports of Copper Wire and Cable to the Soviet Bloc

Exports of Capital Equipment and Industrial Materials from the Soviet Bloc

Soviet Trade Trends and Tactics: "Soviet Bloc Exportation of Petroleum"

1955 - 1956

Sino-Soviet Bloc Exports of Machinery and Transport Equipment to the Free World, 1952 - 1954

Ad Hoc Working Group Report "Intelligence Relating to the Use of Boron Substances as Fuels"

Free World Deliveries of New and Used Ships to the Sino-Soviet Bloc in 1954 and Proposed Construction as of 1 July 1955

Proposal for Revision of Foreign Service Instructions for Reporting on Economic Relations with the Sino-Soviet Bloc

Soviet Gold Sales in Free World Markets, January - June 1955

Sino-Soviet Bloc Shipbuilding - Bibliography

Availability of Diamonds in the USSR

1956 - 1957

Soviet Gold Sales, 1955

Check Inability to Provide Catalytic Cracking Equipment for Syrian Refinery

Free World Deliveries of Ships to the Sino-Soviet Bloc in 1955 and Proposed Construction as of 1 January 1956

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Propellants Seminar, 13-14 June 1956 "Liquid Propellants (with Appendixes Containing the Previously Unpublished Proceedings on Solid Propellants)"

Current Trends in Sino-Soviet Bloc Construction and Procurement of Merchant and Fishing Vessels

Supply and Use of Ion Exchange Resins in the Sino-Soviet Bloc

1957 - 1958

Availability of Diamonds in the USSR (revised)

The Significance of Sino-Soviet Bloc Imports of Cobalt from the Free World

Report of Combined EDIC Working Group and Technical Task Group on Radio and Television Transmitters

The Glass Fiber Industry in the Sino-Soviet Bloc

Sino-Soviet Bloc Supply of and Requirements for Phthalic Anhydride

The Strategic Importance of Aluminum and Its Source Materials (including Bauxite) to the Sino-Soviet Bloc

1958 - 1959*

The Tire Industry in the Sino-Soviet Bloc

The Petrochemical Industry in the USSR

Sino-Soviet Bloc Purchases of International List I Nickel

* The 1958 - 1959 listing represents reports in progress and is necessarily incomplete.

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TAB BCompleted EDIC Intelligence Documents

1 July 1957 - 30 June 1958

<u>Designation*</u>	<u>Title</u>	<u>Date Issued</u>
EDIC/R-4 (IAC-D-53/9)	Fifth Annual Progress Report of the Economic Defense Intelligence Committee	25 October 1957
EDIC/ID-24	Availability of Diamonds in the USSR (Revised). (In response to EDIC Case No. 21)	27 May 1958
EDIC/ID-32	The Significance of Sino-Soviet Bloc Imports of Cobalt from the Free World. (In response to EDIC Case No. 25)	11 July 1958
EDIC/ID-33	Report of Combined EDIC Working Group and Technical Task Group on Radio and Tele- vision Transmitters. (In response to EDIC Case No. 22)	27 August 1957
EDIC/ID-34	The Glass Fiber Industry in the Sino-Soviet Bloc. (In response to EDIC Case No. 28)	9 April 1958
EDIC/ID-35	Sino-Soviet Bloc Supply of and Requirements for Phthalic Anhydride. (In response to EDIC Case No. 27)	14 April 1958
EDIC/ID-36	The Strategic Importance of Aluminum and Its Source Materials (including bauxite) to the Sino-Soviet Bloc. (In response to EDIC Case No. 18)	28 April 1958

* R - Report (annual)

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TAB C

EDIC Memoranda

1 July 1957 - 30 June 1958

EDIC/AM-27	Appointment of Executive Secretary	22 July 1957
EDIC/AM-28	Designation of Acting Chairman - EDIC	9 September 1957
EDIC/AM-29	Transmittal of EDIC Membership List	9 October 1957
EDIC/AM-30	EDIC Activities - April 1958	5 May 1958
EDIC/AM-31	Correction to EDIC/ID-24 (revised)	4 June 1958
EDIC/AM-32	EDIC Activities - May 1958	5 June 1958

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TAB D

EDIC Cases Pending, 30 June 1958

<u>Designation</u>	<u>Title</u>
EDIC Case 6*	Firms Reportedly Purchasing and Operating Ships for Communist China
EDIC Case 7*	Export of Ortho-Toluidine to Communist China
EDIC Case 10*	Pattern of Soviet Bloc Strategic Exports to the West
EDIC Case 13**	Possible Soviet Bloc Use of Magnesium as Fuel
EDIC Case 15**	Soviet Bloc Position and Use of Perchloric Acid
EDIC Case 16**	Soviet Attempts to Procure Colloxylin
EDIC Case 20*	Borax Discovery in Tibet
EDIC Case 23*	Review of Sino-Soviet Bloc Supply, Technology, and Possible Military Applications of Polyethylene
EDIC Case 24***	Sino-Soviet Bloc Purchases of International List I Nickel
EDIC Case 29***	The Sino-Soviet Bloc Tire Industry
EDIC Case 30***	The USSR Petrochemical Industry

* It is recommended that this case be dropped since the information requested [REDACTED] has been provided through other intelligence channels. Unless any objections are transmitted to the Executive Secretary by 30 September 1958, these cases will be considered closed.

** The EDIC Working Group on Propellants and Fuel Additives recommends cancellation of these cases because the required information is not available. Unless any objections are transmitted to the Executive Secretary by 30 September 1958, these cases will be considered closed.

*** These cases were completed in July - August 1958 and distributed as

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